



AUSNET REAL ESTATE SERVICES PTY LTD

ABN 37 093 805 675

And its Controlled Entities

Financial Report December 2015



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Directors

Jonathan Adams

Chairman (Resigned 30 October 2015)

Paul Niardone

Executive Director (Appointed 15 February 2016)

Robin Lees

Non Executive Director (Resigned 28 February 2016)

Philip Re

Non Executive Director

Patrick Thaung

Non Executive Director (Appointed 14 January 2015)

Company Secretary

Philip Re

Chief Executive Officer

Paul Niardone

**Registered Office and
Principal Place of Business**

254 Scarborough Beach Road
Doubleview WA 6018

Solicitors

Steinepreis Paganin
Level 4, Next Building
16 Milligan St
Perth WA 6000

Borrello Legal Pty Ltd
PO Box 304
Joondalup WA 6919

Mills Oakley
Level 2, 225 St. Georges Terrace
Perth WA 6000

Bankers

Westpac Banking Corporation
109 St. George's Terrace
Perth WA 6000

Auditors

Bentleys Audit & Corporate (WA) Pty Ltd
PO Box 7775
Cloisters Square
Perth WA 6850

**Bentleys Audit & Corporate
(WA) Pty Ltd**

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Ausnet Real Estate Services Pty Ltd for the financial period ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DELAURENTIS CA
Director

Dated at Perth this 13th day of April 2016

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Dec 2015 \$	June 2015 \$
Revenue from continuing operations	2	2,718,329	5,282,399
Other income	2	-	406,296
Less Expenses			
Salaries & employee benefits expenses		(2,617,385)	(4,579,456)
Depreciation and Amortisation		(22,524)	(95,215)
Profit/(loss) on disposal of assets		-	(10,620)
Loss on disposal of subsidiary		-	(28,952)
Consultancy Fees		(95,117)	(165,759)
Advertising & Promotion expenses		(163,491)	(122,605)
Events & Functions		-	(15,317)
Legal fees		(53,432)	(126,145)
Professional, Conveyancing & Valuation fees		(283,590)	(360,468)
Rent & Outgoings		(114,987)	(277,399)
Other expenses		(403,684)	(612,063)
Impairment Costs		(2,225)	(200,000)
Impairment of loan to Joint Venture entity		-	(171,530)
Net Profit / (loss) before income tax		(1,038,106)	(1,076,834)
Income tax (expense) / benefit	3	(47,595)	194,898
Profit / (loss) from continuing operations		(1,085,701)	(881,936)
Other comprehensive income			
Derecognition of non-controlling interest on disposal of subsidiary		-	(183,022)
Total comprehensive income / (loss) for the year		(1,085,701)	(1,064,958)
Profit / (loss) is attributable to:			
Equity holders of Ausnet Real Estate Services Pty Ltd		(1,085,701)	(882,301)
Non-Controlling interest		-	365
		(1,085,701)	(881,936)
Total comprehensive income is attributable to:			
Equity holders of Ausnet Real Estate Services Pty Ltd		(1,085,701)	(882,301)
Non-Controlling interest		-	(182,657)
		(1,085,701)	(1,064,958)

The accompanying notes form part of these financial statements

AUSNET REAL ESTATE SERVICES PTY LTD

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And its Controlled Entities**Financial Report****December 2015****CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	Dec 2015 \$	June 2015 \$
Current Assets			
Cash and cash equivalents	4	138,030	293,009
Trade and other receivables	5	598,153	287,623
Current Tax Assets	11	81,797	81,797
Total Current Assets		817,980	662,429
Non Current Assets			
Property, Plant and Equipment	6	142,739	154,360
Intangible Assets	7	10,000	10,000
Investments	8	-	-
Deferred Tax Asset	9	263,895	311,490
Total Non Current Assets		416,634	475,850
Total Assets		1,234,614	1,138,279
Current Liabilities			
Trade and Other Payables	10	1,498,038	1,076,750
Borrowings	12	169,669	11,463
Provisions	13	420,029	446,486
Total Current Liabilities		2,087,736	1,534,699
Non Current Liabilities			
Borrowings	12	9,329	14,378
Provisions	14	84,559	91,313
Total Non Current Liabilities		93,888	105,691
Total Liabilities		2,181,624	1,640,390
Net Assets/(Liabilities)		(947,010)	(502,111)
Equity			
Contributed Equity	15	2,239,888	1,599,086
Non-controlling Interests		-	-
Accumulated Losses		(3,186,898)	(2,101,197)
Total Equity/(Net Deficiency)		(947,010)	(502,111)

The accompanying notes form part of these financial statements

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED	Contributed Equity	Accumulated Losses	Non- controlling Interests	Total
Balance 1 July 2015	1,599,086	(2,101,197)	-	(502,111)
Profit / (Loss) for the year	-	(1,085,701)	-	(1,085,701)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(1,085,701)	-	(1,085,701)
Transactions with equity holders in their capacity as owners:				
Share Subscriptions	640,802	-	-	640,802
Dividends paid to equity holders	-	-	-	-
Balance 31 December 2015	2,239,888	(3,186,898)	-	(947,010)
Balance 1 July 2014	1,596,310	(1,218,896)	182,657	560,071
Profit / (Loss) for the year	-	(882,301)	365	(881,936)
Other comprehensive income	-	-	(183,022)	(183,022)
Total comprehensive income for the period	-	(882,301)	(182,657)	(1,064,958)
Transactions with equity holders in their capacity as owners:				
Share Subscriptions	2,776	-	-	2,776
Dividends paid to equity holders	-	-	-	-
Balance 30 June 2015	1,599,086	(2,101,197)	-	(502,111)

The accompanying notes form part of these financial statements

AUSNET REAL ESTATE SERVICES PTY LTD

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And its Controlled Entities**Financial Report****December 2015****CONSOLIDATED STATEMENT OF CASH FLOWS**

	Note	Dec 2015 \$	June 2015 \$
Cash flows from operating activities			
Receipts from customers		2,463,541	5,522,060
Payments to suppliers and employees		(3,350,903)	(6,162,212)
Interest received		132	422
Interest paid		(1,110)	(31,571)
Income tax paid		-	-
Net cash inflows/(outflows) from operating activities		(888,340)	(671,301)
Cash flows from investing activities			
Payments for Property Plant and Equipment		(10,903)	(22,642)
Payments for intangibles		-	(10,000)
Proceeds from sale of loan book		-	406,296
Dividends received		-	20,432
Net cash inflow from disposal of subsidiary		-	94,670
Net cash inflows/(outflows) from investing activities		(10,903)	488,756
Cash flows from financing activities			
Proceeds from issue of shares		599,802	2,776
Dividends paid		-	-
Repayments of borrowings		(5,537)	(3,420)
Net Proceeds from borrowings		150,000	-
Net cash inflows/(outflows) from financing activities		744,265	(644)
Net increase in cash held		(154,978)	(183,189)
Cash at the beginning of financial year		293,008	476,198
Cash at the end of financial year	4	138,030	293,009

The accompanying notes form part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The directors have prepared the financial statements on the basis that the Company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Corporations Act 2001.

The financial report covers Ausnet Real Estate Services Pty Ltd and controlled entities ("the Group"). Ausnet Real Estate Services Pty Ltd is a Company limited by shares, incorporated and domiciled in Australia. The financial report is presented in Australian dollars which is the Group's functional and presentation currency.

The financial statements have been prepared in accordance with the recognition and measurement requirements but not the disclosure requirements specified by all Australian Accounting Standards and Interpretations.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The material accounting policies that have been adopted in the preparation of these statements are presented below.

b) Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and liabilities in the normal course of business.

The Group has incurred a loss for the year ended 31 December 2015 of \$1,085,701 (June 2015: loss of \$881,936) and experienced net cash outflows from operating activities of \$888,340 (June 2015: cash outflows of \$671,302). There was a working capital deficit of \$1,269,756 at 31 December 2015 (30 June 2015: \$872,270).

These conditions indicate there is a material uncertainty as to whether the Group can continue as a going concern for a period of at least 12 months from the date of this financial report.

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

This includes the assumption that the Group is acquired by Nambian Copper NL and all conditions precedent achieved. As part of the transaction Namibian Copper NL (NCO) has signed a non-binding term sheet with Ausnet Real Estate Services Pty Ltd (Ausnet) to acquire 100% of the issued capital of Ausnet (Ausnet Shares). In consideration for the sale of Ausnet Shares to NCO, at Settlement NCO will:

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- (a) issue to the Shareholders (or their nominees) AUD\$4,000,000 worth of fully paid ordinary shares in NCO (NCO Shares) at the Re-quotation Price of AUD\$0.03 being 133,333,333 NCO Shares (Consideration Shares)
- (b) issue to the Shareholders (or their nominees) AUD\$4,000,000 worth of NCO performance shares at the Re-quotation Price of AUD\$0.03 being 133,333,333 NCO performance shares (Performance Shares), in the following tranches:
 - (i) Tranche 1 - \$2,000,000 worth of Performance Shares (66,666,667 Performance Shares); and
 - (ii) Tranche 2 - \$2,000,000 worth of Performance Shares (66,666,667 Performance Shares).
- (c) issue to Richmond Advisory (post Rights Issue and pre-Consolidation) 50,000,000 NCO Shares and 50,000,000 listed NCO Options exercisable at \$0.015 (pre-Consolidation price) and expiring on 30 April 2019 in consideration for introduction and consulting services.

On and from issue, NCO Shares issued as consideration shall rank equally with the then NCO Shares on issue, other than for any restrictions imposed in accordance with the ASX Listing Rules or voluntary escrow agreements.

As at the date of this report, NCO has successfully completed a rights issue and raised \$518,291 (before costs).

In addition to the above activities, NCO intends to undertake a further capital raising of approximately \$3m to \$3.5m through an IPO within the next 3-6 months.

During the period ended 31 December 2015, the Company also raised an additional \$599,000 via the issue of shares and obtained a \$150,000 convertible note from Namibian Copper NL.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate.

Should the Group not achieve the matters set out above, there is material uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Ausnet Real Estate Services Pty Ltd ("Group") as at 31 December 2015 and the results of all subsidiaries for the year then ended. Ausnet Real Estate Services Pty Ltd and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(v)). Investments in subsidiaries are accounted for at cost in the individual financial statements of Ausnet Real Estate Services Pty Ltd.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position respectively.

d) Income Tax

The income tax expense (revenue) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation

Ausnet Real Estate Services Pty Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2010. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

e) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units). Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

f) Cash and cash equivalents

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid instruments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for major business activities as follows:

Settlement Fee Income – on settlement of real estate transaction.

Upfront commissions for Mortgage Origination – on approval of finance to clients and settlement of real estate transaction.

Trail commissions – on receipt.

Real Estate Commissions – upon settlement and/or sale of property is unconditional

Training Seminars and Functions – on date function is held.

Interest Revenue – on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend Revenue – when it is received.

All revenue is stated net of the amounts of goods and services tax (GST).

h) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

i) Property, Plant and Equipment

Plant and equipment are measured on the cost basis.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on either a straight line basis or diminishing balance basis, whichever is considered most appropriate, over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the remaining term of the lease.

The depreciation rates used for each class of depreciable assets are:

Class of Asset	Depreciation Rate
Leasehold Improvements (over term of lease)	
Office furniture and fittings	10%
Office equipment	25%
Motor vehicle	25%

j) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

(ii) Trail Book intangible assets

Trial book contracts and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trail book and licences over their estimated useful lives, which vary from 5 to 8 years.

The property management rights are expected to have a finite life and are therefore amortised over their useful lives which has been estimated at 7 years. The investment is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the rent roll over its estimated useful lives, which has been estimated at 7 years based on comparable market evidence.

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year have been measured at the amounts expected to be paid when the liability is settled.

Contributions are made by the consolidated entity to employee superannuation funds and are charged as expenses when incurred.

l) Comparative Figures

The current period results are not entirely comparable to the comparative figures as the current period is 6 months compared to the 12 months in the prior period. Where required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

m) Non Current Investments

Under AASB 139: Financial Instruments: Recognition and Measurement, financial assets are required to be classified into four categories, which determine the accounting treatment of the item. The categories and various treatments are:

- held to maturity, measured at amortised cost;
- held for trading, measured at fair value with unrealised gains or losses charged to the profit and loss;
- loans and receivables, measured at amortised cost; and
- available for sale instruments, measured at fair value with unrealised gains or losses taken to equity.

n) Critical accounting estimates and critical judgements in applying accounting policies

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimate – Impairment

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. No impairment has been recognised at the end of the reporting period.

Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, that are related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Critical judgement – Recognition of trailing commission revenue & trailing commission expense

The Group receives trailing commissions from lenders on loans they have settled that were originated by the Group. The trailing commissions are received over the life of the loans based on the individual loan balance outstanding. The Group also makes trailing commission payments to brokers based on the individual loan balance outstanding.

As disclosed in Note 1(g), revenue from trailing commission on receipt. The directors considered the detailed criteria for the recognition of revenue from the rendering of services set out in AASB 118 'Revenue', in particular whether the recognition of revenue on the trail satisfied the probability requirements. The directors determined that at the contract level, the Group cannot reliably determine the likelihood of that individual remaining with the Group or the period that they will continue for, resulting in revenue only being recognised upon receipt.

Trailing commission expenditure is recognised on the same basis as trailing commission revenue and is recognised upon receipt of trailing commission revenue.

o) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

p) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement within no more than 30 days. Marketing allowances and upfront commissions paid to employees and agents are recovered against future sales commissions received by the employee or agent.

Collectability of trade and other receivables are reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

q) Trade payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

t) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

u) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting date.

v) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

w) Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process. The Chairman, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group does not have any foreign currency exposures.

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest rate risk

The Group are exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

Other market price risk

The group does not carry any equity price risk and does not enter into commodity contracts.

w) Financial Risk Management (continued)

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements. The only significant concentration of credit risk for the Group is the cash and cash equivalents held with financial institutions. All material deposits are held with the major Australian banks and any loans made to external parties are secured under contracts and charges over relevant assets, for which the Board evaluate credit risk to be minimal.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the Statement of Financial Position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x) Adoption of new and revised standards

In the period ended 31 December 2015, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the period ended 31 December 2015. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company accounting policies.

NOTE 2: REVENUE

	Consolidated Entity	
	Dec 2015	June 2015
	\$	\$
Revenue from continuing operations:		
Membership fees	-	46,309
Commissions	890,563	2,318,090
Management fees	18,000	36,000
Trailer Fees	1,025,189	1,871,214
Settlement fees and recoverable expenses	350,338	792,292
Real estate	431,550	102,820
Training and seminars		10,498
Interest received	132	422
Other income	2,557	104,754
Total Revenue	2,718,329	5,282,399
Other income		
Sale of loan book	-	406,296

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NOTE 3: INCOME TAX EXPENSE / (BENEFIT)

	Consolidated Entity	
	Dec 2015 \$	June 2015 \$
(a) Income tax expense / (benefit)		
Current tax	-	-
Under/(over) provision – prior year	-	(30,000)
Deferred tax	47,595	(164,898)
	<u>47,595</u>	<u>(194,898)</u>
 (b) The Prima facie tax on operating profit/ (loss) at 30%	 (311,427)	 (323,050)
Tax effect of permanent differences:		
Non Deductible Expenses	2,740	18,721
Movement in deferred taxes as a consequence of amortisation	-	-
Income tax benefit in respect of current year losses	356,282	139,431
Tax offset for timing differences	-	-
Income tax expense/(benefit)	<u>47,595</u>	<u>(164,898)</u>
 Under/(over) provision for income tax in prior year	 -	 (30,000)
Income tax expense/(benefit)	<u>47,595</u>	<u>(194,898)</u>
 (c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	2,836,858	1,649,250
Potential tax benefit @ 30%	<u>851,057</u>	<u>494,775</u>

The benefit for tax losses will only be obtained if:

- (a) The Company and consolidated entity derive future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (b) The Company and the consolidated entity continue to comply with the conditions for deductibility imposed by Law; and
- (c) No changes in tax legislation adversely affect the ability of the Company and consolidated entity to realise these benefits.

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NOTE 4: CASH AND CASH EQUIVALENTS

	Consolidated Entity	
	Dec	June
	2015	2015
	\$	\$
Cash at bank and on hand	138,030	293,009

NOTE 5: TRADE AND OTHER RECEIVABLES

Trade debtors	13,961	20,296
Prepaid expenses	39,204	13,115
Commissions receivable	342,543	238,787
Recoverable commissions/wages	147,849	-
Deposits paid	39,806	-
Other receivables	14,790	15,425
	<u>598,153</u>	<u>287,623</u>

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

Leasehold improvements – at cost	54,399	54,399
Accumulated depreciation	(50,374)	(50,374)
Net Book Value	<u>4,025</u>	<u>4,025</u>
Plant and equipment – at cost	534,500	523,597
Accumulated depreciation	(395,785)	(373,262)
Net Book Value	<u>138,714</u>	<u>150,335</u>
Total Property Plant & Equipment	<u>142,739</u>	<u>154,360</u>

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NOTE 7: INTANGIBLES

	Consolidated Entity	
	Dec 2015 \$	June 2015 \$
Goodwill	-	-
Other intangible assets	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
Movement reconciliation - Goodwill		
Balance at the beginning of the year	-	248,683
Amortisation charge	-	(50,000)
Disposal of subsidiary	-	(198,683)
Net Book Value at end of year	<u>-</u>	<u>-</u>
Movement reconciliation – Other intangible assets		
Balance at the beginning of the year	10,000	13,300
Additions	-	10,000
Amortisation Charge	-	-
Disposal of subsidiary	-	(13,300)
Net Book Value at end of year	<u>10,000</u>	<u>10,000</u>
Movement reconciliation – Total		
Balance at the beginning of the year	10,000	261,983
Additions	-	10,000
Amortisation Charge	-	(50,000)
Disposal of subsidiary	-	(211,983)
Net Book Value at end of year	<u>10,000</u>	<u>10,000</u>
Amortisation charge		
Please refer to Note 1 j) Intangible Assets for further details		
Impairment charge		
Please refer to Note 1 e) Impairment of Assets for further details		

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NOTE 8: INVESTMENTS

	Consolidated Entity	
	Dec 2015	June 2015
	\$	\$
Other Financial Assets		
Other Financial Assets – at cost	300,000	300,000
Impairment Provision	(300,000)	(300,000)
Total Other Financial Assets	-	-
Movement reconciliation – Other Financial Assets		
Balance at the beginning of the year	-	200,000
Impairment charge	-	(200,000)
Net Book Value at end of year	-	-

INVESTMENT IN CONTROLLED ENTITIES

Name	Principal Activities	Ownership Interest		Carrying Amount of investment	
		Dec 2015	June 2015	Dec 2015	June 2015
		%	%	\$	\$
Jelina Holdings Pty Ltd	Settlement Agent	100	100	2	2
Westvalley Corporation Pty Ltd	Mortgage Broker	100	100	2	2
Ausnet Asset Management Pty Ltd	- not trading -	100	100	1	1
Ausnet Real Estate Network Pty Ltd	Member Network	100	100	1	1
Ausnet Financial Planning Services Pty Ltd	Financial Planner	100	100	2	2
Ausnet Financial Services Pty Ltd	Investment	100	100	1	1
Vision Capital Management Ltd	Single Responsible Entity	100	100	11	11
BBA Management Pty Ltd (i)	Mortgage Broker	-	51	-	-
Ausnet Property Investment Fund Pty Ltd	Corporate Trustee	100	100	1	1
Ausnet Opportunity Fund	Investment	55	55	110,000	110,000
Move Property Solutions Pty Ltd	Real Estate Agency	100	100	2	2
Empur Pty Ltd (ii)	Property Investment strategies	50	50	-	-
				<u>110,023</u>	<u>110,021</u>

All the above entities are incorporated in Australia and eliminated on consolidation.

- (i) On 22 May 2015 the Company sold its subsidiary BBA Management Pty Ltd for \$200,000 which resulted in a net loss of \$28,952.
- (ii) The company has a 50% interest in a joint venture entity trading under the name Ausnet Property Investment Strategies.

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NOTE 9: DEFERRED TAX ASSET

	Consolidated Entity	
	Dec	June
	2015	2015
	\$	\$
Deferred Tax on Temporary Differences	263,895	311,490
The balance comprises temporary differences in relation to the following amounts recognised in the statement of comprehensive income:		
Deferred Tax Assets		
Employee benefits	167,678	161,340
Accrued expenses	108,980	131,786
Investments	90,000	90,000
Total deferred tax assets	366,658	383,126
Deferred Tax Liabilities		
Accrued income	(102,763)	(71,636)
Prepaid expenses	-	-
Others	-	-
Total deferred tax liabilities	(102,763)	(71,636)
Net deferred tax assets	263,895	311,490
Movement Reconciliation		
Opening balance at 1 July	311,490	116,592
De-recognition of previously recognised tax losses	-	-
Recognition of temporary differences	(47,595)	194,898
	263,895	311,490

NOTE 10: TRADE AND OTHER PAYABLES

Trade creditors	434,533	114,531
Employees' remuneration – commissions payable	223,674	218,224
Superannuation – employees	54,338	30,339
Sundry creditors and accrued expenses	182,452	206,763
GST and PAYG payables	603,041	506,893
	1,498,038	1,076,750

NOTE 11: CURRENT TAX ASSETS

Corporate Tax Refunds	81,797	81,797
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NOTE 12: BORROWINGS

	Consolidated Entity	
	Dec	June
	2015	2015
	\$	\$
Current		
Loans	21,462	13,390
Less: Unexpired interest	(1,793)	(1,927)
	<u>19,669</u>	<u>11,463</u>
Convertible Note – Nambian Copper	150,000	-
Total	<u>169,669</u>	<u>11,463</u>
Non-current		
Loans	10,043	15,666
Less: Unexpired interest	(714)	(1,288)
	<u>9,329</u>	<u>14,378</u>

NOTE 13: CURRENT PROVISIONS

Employee entitlements	<u>420,029</u>	<u>446,486</u>
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NOTE 14: NON CURRENT PROVISIONS

Employee entitlements	<u>84,559</u>	<u>91,313</u>
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NOTE 15: CONTRIBUTED EQUITY

96,338,870 (June 2015: 64,298,753) fully paid ordinary shares	2,239,888	1,599,086
Ordinary Shares		
At the beginning of the reporting period	1,599,086	1,576,310
Shares issued during the year for cash	599,802	2,776
Shares issued during the year in lieu of service	41,000	-
At reporting date	<u>2,239,888</u>	<u>1,599,086</u>

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NOTE 16: AFTER BALANCE DATE EVENTS

On 14 December 2015, Namibian Copper NL (NCO) announced that it had signed a non-binding term sheet with Ausnet Real Estate Services Pty Ltd (Ausnet) to acquire 100% of the issued capital of Ausnet (Ausnet Shares). In consideration for the sale of Ausnet Shares to NCO, at Settlement NCO will:

- (a) issue to the Shareholders (or their nominees) AUD\$4,000,000 worth of fully paid ordinary shares in NCO (NCO Shares) at the Re-quotation Price of AUD\$0.03 being 133,333,333 NCO Shares (Consideration Shares)
- (b) issue to the Shareholders (or their nominees) AUD\$4,000,000 worth of NCO performance shares at the Re-quotation Price of AUD\$0.03 being 133,333,333 NCO performance shares (Performance Shares), in the following tranches:
 - (i) Tranche 1 - \$2,000,000 worth of Performance Shares (66,666,667 Performance Shares); and
 - (ii) Tranche 2 - \$2,000,000 worth of Performance Shares (66,666,667 Performance Shares).
- (c) issue to Richmond Advisory (post Rights Issue and pre-Consolidation) 50,000,000 NCO Shares and 50,000,000 listed NCO Options exercisable at \$0.015 (pre-Consolidation price) and expiring on 30 April 2019 in consideration for introduction and consulting services.

On and from issue, NCO Shares issued as consideration shall rank equally with the then NCO Shares on issue, other than for any restrictions imposed in accordance with the ASX Listing Rules or voluntary escrow agreements.

The Performance Shares vest on the following terms:

- (a) Tranche 1 – Upon achieving a 10% growth in the Mortgage and Finance business loan book within 18 months of Settlement (First milestone); and
- (b) Tranche 2 – Upon achieving a 20 day VWAP on the ASX which equals or exceeds 3 times the re-quotation price \$0.03, at any time within 24 months of Settlement (Second milestone).

The acquisition is subject to a number of conditions being satisfied, including:

- (a) NCO will undertake a 3:2 Rights Issue to NCO Shares at an issue price of \$0.001 per NCO Share to raise approximately \$518,000 (before costs) to all current shareholders (Rights Issue). As at the date of this report, NCO has successfully completed its rights issue and raised \$518,291 (before costs);
- (b) completion of due diligence by NCO on Ausnet;
- (c) completion of due diligence by Ausnet on NCO;
- (d) if required by the ASX Listing Rules, NCO obtaining an Independent Expert's Report confirming that the acquisition is "fair and reasonable" and in the best interests of shareholders;
- (e) Consolidation of the NCO's capital at a predefined conversion ratio of ten existing shares to one consolidated share after the Rights Issue;
- (f) NCO, on a best endeavours basis, conducting the Principal Raising and lodging a Prospectus with ASIC and ASX in respect of the Principal Raising;
- (g) NCO obtaining all necessary shareholder and regulatory approvals pursuant to the Corporations Act 2001, the ASX Listing Rules or any other law, as well as third party approvals or consents to give effect to the matters set out in the Terms Sheet to allow NCO to lawfully complete the Acquisition;
- (h) NCO receiving a letter from the ASX confirming that the ASX will re-admit NCO to the Official List of the ASX, on conditions acceptable to NCO and Ausnet (acting reasonably);
- (i) Cancellation of the existing performance rights currently on issue by NCO on or before Settlement of the Acquisition; and
- (j) NCO completing changes to the Board.

The Acquisition remains conditional on satisfaction (or waiver) of the above conditions precedent and as such the ability of NCO to complete is not certain.

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For further details and information please refer to the NCO ASX Announcement on 14 December 2015.

Apart from the above, there has not arisen, in the interval between the end of the financial year and the date of this report, any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

NOTE 17: CONTINGENT LIABILITIES

As at balance date, the Company has paid for a deposit on an office lease of \$39,806 (Note 5) subsequently which the Company has withdrawn from the lease. The Company has received a claim for costs against this bond of \$22,674 and it's the belief of the Directors that there is no justification for the claim and the Company will commence proceedings to recover the full amount of the deposit.

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DIRECTORS' DECLARATION

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Ausnet Real Estate Services Pty Ltd;
- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5) (a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'P. Niardone', with a stylized flourish at the end.

Paul Niardone
Director and CEO

Dated this 13th day of April 2016

Independent Auditor's Report

To the Members of Ausnet Real Estate Services Pty Ltd

We have audited the accompanying financial report, being a special purpose financial report, of Ausnet Real Estate Services Pty Ltd ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the period's end or from time to time during the financial period.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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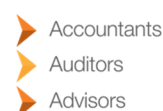
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Accountants

Auditors

Advisors

Independent Auditor's Report

To the Members of Ausnet Real Estate Services Pty Ltd (*Continued*)



Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Opinion

In our opinion, the financial report of Ausnet Real Estate Services Pty Ltd is in accordance with the Corporations Act 2001, including:

- a. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and of its performance for the period ended on that date; and
- b. complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Emphasis of Matter – Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the Consolidated Entity incurred a loss of \$1,085,701. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Basis of Accounting

Without further modifying our opinion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting obligations under the requirements of the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

Dated at Perth this 13th day of April 2016